



## Minority Business Development Agency

### Mission Statement:

**MBDA promotes the growth of minority-owned businesses through increased access to the marketplace and financing.**

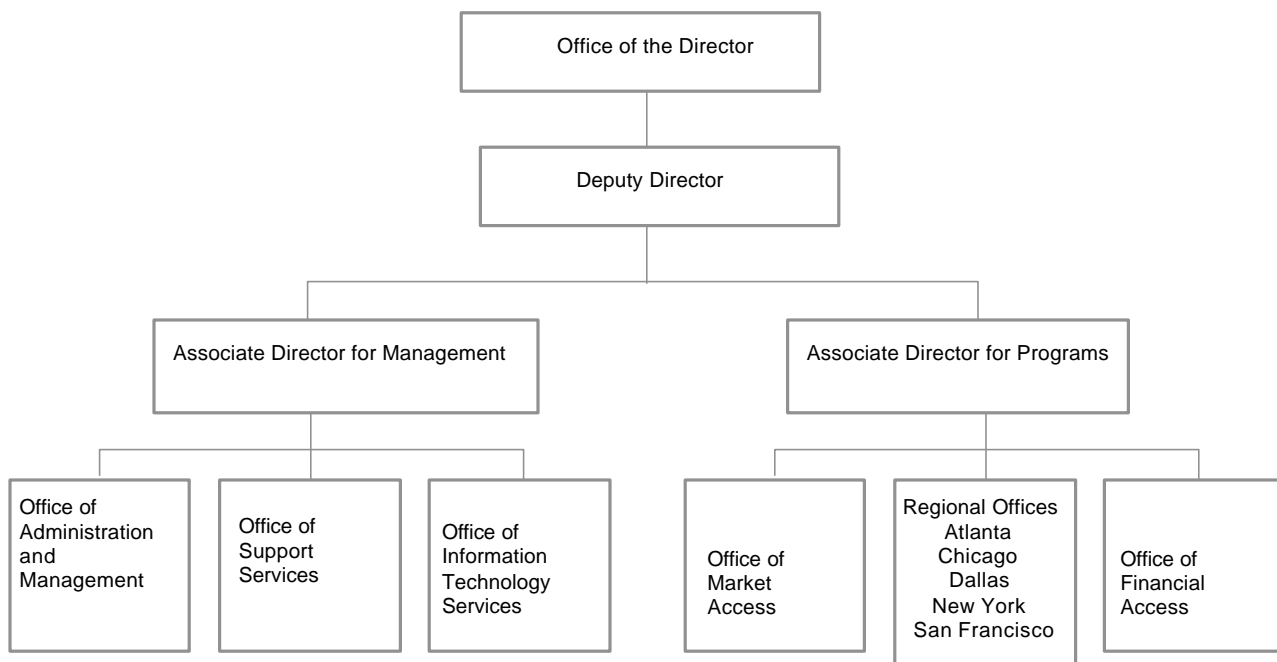
The Minority Business Development Agency (MBDA) seeks to foster the growth, competitiveness, and full participation of minority businesses in the global economy in the new millennium.

MBDA is the only federal agency mandated to encourage the growth and development of minority-owned businesses in America. MBDA provides assistance to socially or economically disadvantaged groups who own or wish to start or expand their own businesses, including African Americans, Native Americans, Puerto Ricans, Spanish-speaking Americans, Eskimos, Aleuts, Asian Indians, Asian Pacific Americans and Hasidic Jews. MBDA accomplishes this assistance by providing these groups with access to the marketplace and financing, management and technical assistance, education and training. Access to the marketplace and financing continue to be major factors affecting minority-owned businesses. Information that provides this access is key. In recognizing this important need, MBDA has developed a number of electronic commerce initiatives.

## Organizational Structure

MBDA's headquarters is in Washington, D.C., where all activities are planned, developed, coordinated and evaluated. MBDA has five Regional Offices (Atlanta, Chicago, Dallas, New York and San Francisco) and four District Offices (Boston, Los Angeles, Miami and Philadelphia) where staff oversee assistance and services in multi-state regions. In these multi-state regions, MBDA funds 42 Minority and Native American Business Development Centers, 7 Minority Business Opportunity Committees, and 7 Business Resource Centers. The following organization chart reflects MBDA's structure for promoting business and economic development for minority-owned businesses and entrepreneurs.

### ***Minority Business Development Agency***



## Priorities

### **Department-Wide**

MBDA's e-commerce initiatives for minority-owned businesses directly support the Secretary's initiative to make the Commerce Department a "Digital Department" by the year 2002. These initiatives include online business development centers that provide valuable information on emerging markets and other topics of interest to minority businesses. Also, specific online systems have been developed that contain and provide the information and tools for minority businesses in areas of contract and procurement opportunities, capital access, management and technical assistance and e-commerce education.

### **Bureau**

MBDA's bureau-specific initiatives support the Commerce Department's "Digital Department" initiative as well. These include employee professional development in e-commerce; common desktop computer structure for employees; integrated networks and standardized databases for employee use; and use of electronic forms.

## Targets and Performance Summary

### **Highlights of the Minority Business Development Agency FY 2001 Performance and Plan**

During FY 2001, MBDA will assist minority firms in understanding the "New Realities" of the business environment in issues such as: Supply-Chain Management, Just-in-Time Delivery, contract bundling, quality assurance, ISO 9000, electronic commerce, and emerging consumer marketplaces; providing more services electronically; and developing strategic partnerships with programs such as the Export Assistance Centers, and the Manufacturing Extension Program Centers to provide a more sophisticated level of management and technical assistance for larger and growing firms.

<b>Performance Goal 1: Improve opportunities for minority-owned businesses to have access to the marketplace</b>			
<b>Measure</b>	<b>FY 99 Actual</b>	<b>FY 00 Target</b>	<b>FY 01 Target</b>
Dollar value of contracts awarded to assisted minority-owned businesses	\$616 M	\$620 M	\$650 M

<b>Performance Goal 2: Improve the opportunities for minority-owned businesses to pursue financing</b>			
<b>Measure</b>	<b>FY 99 Actual</b>	<b>FY 00 Target</b>	<b>FY 01 Target</b>
Number of financial packages received by assisted minority-owned businesses	755	760	775
Dollar value of financial packages to assisted minority-owned businesses	\$ 709 M	\$730 M	\$750 M

## Resource Requirements Summary

**Total Bureau Dollars: \$28.3 Million**

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Improve opportunities for minority-owned businesses to have access to the marketplace	\$14 M	\$14.3 M	\$15.3 M
Improve the opportunities for minority-owned businesses to pursue financing	\$13 M	\$13 M	\$13 M

**Total FTEs: 120**

**Skill Summary: Marketing, Finance, Research, IT/Internet**

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Improve opportunities for minority-owned businesses to have access to the marketplace	61	72	72
Improve the opportunities for minority-owned businesses to pursue financing	41	48	48

**Total Bureau IT Dollars: \$2.0 Million**

**IT Requirements: Operations, maintenance and reengineering**

Performance Goal	FY 99 Actual	FY 00 Enacted	FY 01 Request
Improve opportunities for minority-owned businesses to have access to the marketplace	\$ .9 M	\$ .9 M	\$1.2 M
Improve the opportunities for minority-owned businesses to pursue financing	\$ .6 M	\$ .6 M	\$ .8 M

## Performance Goal 1:

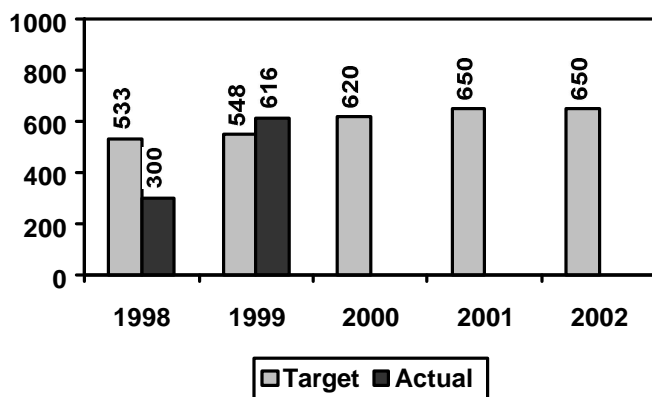
### Improve Opportunities for Minority-Owned Businesses to Have Access to the Marketplace

#### Explanation of Performance Goal

According to Census data, minorities comprise 28% of U.S. population but only 11% of the total number of U.S. firms and 6% of total business receipts. This is evidence that the minority business sector is significantly underutilized. Increased access to growth markets by minority-owned firms will benefit all segments of the U.S. economy by providing a mechanism to generate wealth, income, and employment. This is particularly important as we move toward a digital economy in which firms must use e-commerce tools to survive and grow.

#### Measure 1.a:

##### Dollar value of contracts awarded



#### Data Validation and Verification:

**Data collection:** Direct secure (SSL) Extranet link from MBDA HQ to client service delivery sites.

**Frequency:** Collect real-time, report quarterly

**Data storage:** The Performance Database Management System running on a clustered platform.

**Verification:** A 100% client verification survey

**Data limitations:** Responsiveness to the client verification survey.

**Actions to be taken:** Follow-up notices to unresponsive clients.

#### Explanation

The dollar value of contracts awarded is an important measure because it demonstrates the extent, in terms of dollars, that minority-owned businesses, assisted by MBDA, were successful in getting contract awards to provide goods and services domestically and abroad. If the dollar value of contracts awarded is substantial, minority-owned businesses have a greater opportunity to enhance their contribution to total business receipts.

## Program Evaluation Efforts

Reports generated from MBDA's Performance Database Management System will be used to evaluate efforts of the programs. The report mechanism of this system is set to generate these reports daily, monthly, quarterly as well as annually.

## Strategies and Activities

Strategies	Activities	Budget Request
Promote the increased use of e-commerce by minority-owned firms	-- Match firms and opportunities electronically (Phoenix and Opportunity Database System) -- Train business executives in e-commerce (E-Commerce Course)	\$3.1 M
Provide information and management and technical assistance nationwide	-- Locate business development resources online (Resource Locator) -- Learn how to start and grow a business online (Online Business Development Center). -- Find information about growth industries online (Virtual Business Centers)	\$3.1 M
Provide direct management and technical assistance through a network of business organizations	-- Fund a network of organizations to provide personalized management and technical assistance (Business Development Centers) -- Fund a network of organizations to identify contracting opportunities (Minority Business Opportunity Committees) -- Provide sophisticated market research to locate new customers and stores (Market Analyst)	\$7.6 M
Provide leadership and services that advocate entry into growth markets	-- Provide information and electronic tools to gain access to the nation's fastest growing consumer segment (Emerging Minority Marketplace) -- Sponsor a major national event where minority businesses, corporations and policy makers can develop solutions to business problems (Minority Enterprise Development (MED) Week)	\$1.5 M

## Resource Requirements Summary

**Total Bureau Dollars: \$15.3 Million**

FY 99 Actual	FY 00 Enacted	FY 01 Target
\$14 M	\$14.3 M	\$15.3 M

**Total FTEs: 72**

**Skill Requirements: Marketing, IT/Internet**

FY 99 Actual	FY 00 Enacted	FY 01 Target
61	72	72

## Strategies and Activities

**Total Bureau IT Dollars: \$1.2 Million**

FY 99 Actual	FY 00 Enacted	FY 01 Target
\$ 0.9 M	\$ 0.9 M	\$ 1.2 M

## Crosscutting Issues

### **Intra-DOC**

MBDA works with the *International Trade Administration (ITA)* to assure that minority-owned businesses are included in Department trade missions and other international trade opportunities and have access to the M&TA services of the Export Assistance Centers.

MBDA works with the *National Institute of Standards and Technology (NIST)* and the *National Oceanic and Atmospheric Administration (NOAA)* to include minority-owned businesses in programs involving new and emerging technology such as aquaculture and manufacturing technology and have access to M&TA services of the Manufacturing Extension Program Centers.

MBDA is working with *Census* to expand survey of minority-owned businesses annually and conduct research on the Emerging Minority Marketplace to provide market information about the fastest growing consumer segment. MBDA is working with the *Economic Development Administration (EDA)* to move minority-owned businesses into its high technology business incubators.

### **Other Government Agencies**

MBDA works with the *Small Business Administration* to assure that minority-owned small businesses benefit from its existing management and technical assistance services available to other businesses.

MBDA works with the *Export-Import Bank* to ensure that minority-owned businesses have access to export financing and export markets.

MBDA works with the *U.S. Agency for International Development* on referral of trade opportunities to ensure that minority businesses have access to export markets.

## External Factors and Mitigation Strategies

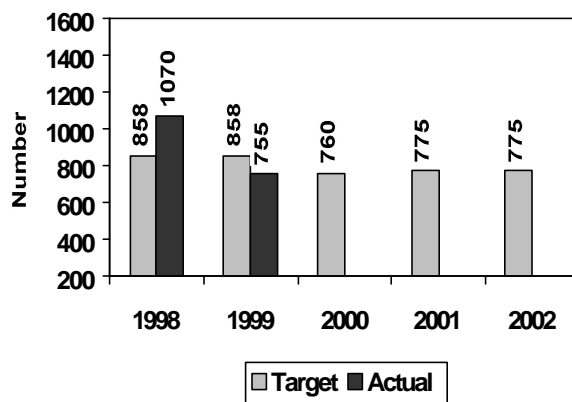
- **Emergence of the Digital Economy**—Anecdotal evidence indicates that minority businesses are lagging in their adoption of e-commerce technologies. MBDA has adopted a “leadership by example” strategy of changing its own internal culture to adapting programs and service delivery to electronic technologies.
- **Changing Demographics**—Ninety percent of the net new growth in the U.S. population over the next 50 years will be in minority groups. This rapid change in demographics presents a lucrative consumer marketplace for minority firms. But they first must become aware of this change and adapt their business practices. MBDA has commissioned the Census Bureau to develop information about this marketplace and its purchasing power. New electronic online market research tools are being developed to bring this information to minority firms and it will be the focus of the year 2000 MED Week.
- **New Business Practices**—Corporate purchasing practices are undergoing a radical change that require minority suppliers to alter their strategies. Supply-chain management, ISO 9000, and business-to-business e-commerce demand that minority businesses also adopt e-commerce technology, be willing to partner with other firms and reengineer their processes. MBDA will use its advocacy powers to inform and convince minority firms of the need for these changes and provide access to the management and technical assistance resources of new strategic partners such as the Electronic Commerce Resource Centers and Manufacturing Extension Program Centers.

## Performance Goal 2: Improve Opportunities for Minority-Owned Business to Pursue Financing

### Explanation of Performance Goal

Access to capital continues to be a major obstacle for minority-owned businesses to get started and grow. According to a policy brief dated February 1999 prepared by the Milken Institute on "Mainstreaming Minority Business," demand for capital in the minority community is estimated to be in excess of \$144 billion per year, of which only \$1.2 billion is currently being satisfied. The continued growth of the minority business sector and the minority community will result in skyrocketing capital demand over the next 20 years. Stakeholders interviews conducted by MBDA in 1997 further reflect these financing difficulties. MBDA is working to address these difficulties by collecting and assessing information about the financing needs of the minority business community; disseminating this information to financial institutions, policy-makers and the minority business community; exploring innovative strategies and instruments to increase capital flow to minority communities; and working in public/private partnerships.

### Measure 2.a: Number of financial packages (loans)



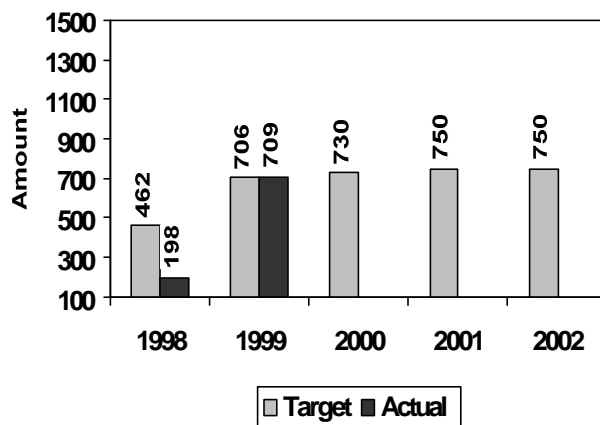
#### Data Validation and Verification:

**Data collection:** Direct secure (SSL) Extranet link from MBDA HQ to client service delivery sites.  
**Frequency:** Collect real-time, report quarterly.  
**Data storage:** The Performance Database Management System running on a clustered platform.  
**Verification:** A 100% client verification survey.  
**Data limitations:** Responsiveness to the client verification survey.  
**Actions to be taken:** Follow up notices to unresponsive clients.

### Explanation

The number of financial packages is an important measure because it shows how many of the minority-owned businesses assisted by MBDA were successful in getting access to financing to get started or to grow.

### Measure 2.b: Dollar value of financial packages (loans)



#### Data Validation and Verification:

**Data collection:** Direct secure (SSL) Extranet link from MBDA HQ to client service delivery sites.  
**Frequency:** Collect real-time, report quarterly.  
**Data storage:** The Performance Database Management System running on a clustered (fail-over) SQL platform.  
**Verification:** A 100% client verification survey  
**Data limitations:** Responsiveness to the client verification survey.  
**Actions to be taken:** Follow up notices to nonresponsive clients.

### Explanation

The dollar value of financial packages is an important measure because it measures the volume of "start up" and expansion (or growth) financing received by MBDA assisted minority-owned businesses.



## Program Evaluation Efforts

Reports generated from MBDA's Performance Database Management System will be used for the program evaluation efforts. The report mechanism of this system is set to generate these reports daily, monthly, quarterly as well as annually. Client satisfaction with assistance, timeliness of responses and accuracy of information provided to businesses are key factors on which the program evaluation efforts will be based.

## Strategies and Activities

Strategies	Activities	Budget Request
Increase access to capital for minority firms by providing electronic information and management and technical assistance to firms seeking capital	-- Create capital access website providing information on applying for financing. -- Provide personalized feedback to minority firms via MBDA's Business Development Centers and the Internet that will increase the likelihood of obtaining capital.	\$6.5 M
Enhance the ability of minority firms to apply for debt capital by providing a streamlined, electronic application process.	-- Capital access website. -- Develop partnerships with national financial institutions (e.g. Money Store, Bank of America, First Union Bank, etc.) that focused on penetrating the minority business community.	\$1.3 M
Educate the minority business community on the requirements of applying for capital, including necessary documentation, the importance of credit scoring, etc.	-- Capital access website. -- Develop short brochure detailing how to apply for a business loan.	\$1.3 M
Produce periodic reports on the capital needs of minority businesses and disseminate widely.	-- Produce study on the capital needs of minority businesses. -- Disseminate study to financial institutions, the policymaking community and minority businesses.	\$2.6 M
Advocate for increased access to equity and debt capital with federal and state governments, financial institutions, and the minority business community.	-- Policy forum and ongoing meetings on innovative strategies to increase access to capital for minority businesses	\$1.3 M

## Resource Requirements Summary

**Total Bureau Dollars: \$13 Million**

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$13 M	\$13 M	\$13 M

**Total FTEs: 72****Skill Requirements: Finance / Research**

FY 99 Actual	FY 00 Enacted	FY 01 Request
41	48	48

**Total Bureau IT Dollars: \$0.8 Million**

FY 99 Actual	FY 00 Enacted	FY 01 Request
\$0.6 M	\$0.6 M	\$0.8 M

## Crosscutting Issues

**Other Government Agencies**

MBDA works regularly with the SBA in a variety of areas. These include: providing information about SBA loan guarantee programs to MBDA's clients and funded network (BDCs), in connection with the Department of Commerce's Capital Access Task Force and Minority Business Coordinating Council; developing President Clinton's New Markets program; and pilot securitizations of small and minority business loans in California. In addition, MBDA has collaborated with the National Economic Council, the Department of the Treasury, the Office of the Comptroller of the Currency, the Federal Reserve and the Department of Housing and Urban Development on the New Markets program and on the Department of Commerce's Capital Access Task Force. Finally, MBDA has worked closely with the California State Treasurer's office on the pilot securizations in California.

## External Factors and Mitigation Strategies

**Current Factor:** The overall health of the economy and prevailing interest rates may influence the number and dollar value of financial packages that can be obtained by all businesses, including minority-owned businesses.

**Current Strategy:** MBDA will make every effort to ensure that information on financing opportunities is made available to minority-owned businesses. MBDA will make extensive use of the Internet in doing this. Also, MBDA will promote and help set up strategic alliances and joint ventures to provide financing opportunities for minority-owned businesses.